

Representative Merlynn T. Newbold proposes the following substitute bill:

FINANCING PUBLIC EDUCATION

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Merlynn T. Newbold

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions in the Minimum School Program Act and the Property Tax Act relating to certain property tax levies and the funding of public school programs.

Highlighted Provisions:

This bill:

- ▶ modifies the general bonding authority of school districts;
- ▶ repeals the authority of school districts to levy certain property taxes;
- ▶ increases the statewide minimum basic tax rate;
- ▶ creates a new local school district discretionary levy;
- ▶ sets the tax rate for the local school district discretionary levy for the first taxable year;
- ▶ provides procedures for setting the tax rate for the local school discretionary levy after the first taxable year;
- ▶ prohibits a taxing entity from imposing a property tax rate higher than the taxing entity's certified tax rate for three years;
- ▶ adjusts a school district's certified tax rate due to the repeal or amendment of the property taxing authority of the school district;
- ▶ defines terms; and



26 ► makes technical changes.

27 **Monies Appropriated in this Bill:**

28 None

29 **Other Special Clauses:**

30 This bill provides an effective date and provides retrospective operation for Section
31 59-2-919.1.

32 This bill coordinates with H.B. 77, Personal Property Tax Amendments, by changing
33 technical cross references.

34 **Utah Code Sections Affected:**

35 **AMENDS:**

36 **11-2-7**, as last amended by Laws of Utah 1961, Chapters 25 and 30

37 **11-13-302**, as last amended by Laws of Utah 2007, Chapter 108

38 **11-14-103**, as last amended by Laws of Utah 2007, Chapter 10

39 **11-14-301**, as last amended by Laws of Utah 2007, Chapter 329

40 **20A-1-203**, as last amended by Laws of Utah 2007, Chapter 215

41 **53A-1a-513**, as last amended by Laws of Utah 2005, Chapters 9 and 291

42 **53A-2-118.2**, as enacted by Laws of Utah 2007, Chapter 297

43 **53A-2-206**, as last amended by Laws of Utah 2007, Chapter 372

44 **53A-3-415**, as last amended by Laws of Utah 1991, Chapter 72

45 **53A-17a-103**, as last amended by Laws of Utah 2007, Chapters 107 and 372

46 **53A-17a-105**, as last amended by Laws of Utah 1994, Chapter 268

47 **53A-17a-127**, as last amended by Laws of Utah 2001, Chapter 73

48 **53A-17a-135**, as last amended by Laws of Utah 2007, Chapter 2

49 **53A-21-103**, as last amended by Laws of Utah 2003, Chapter 320

50 **53A-21-104**, as last amended by Laws of Utah 2007, Chapter 344

51 **59-2-919**, as last amended by Laws of Utah 2006, Chapters 26 and 104

52 **59-2-924**, as last amended by Laws of Utah 2007, Chapters 107 and 329

53 **59-2-926**, as last amended by Laws of Utah 2003, Chapter 320

54 **63-30d-704**, as enacted by Laws of Utah 2004, Chapter 267

55 **ENACTS:**

56 **53A-17a-155**, Utah Code Annotated 1953

57 **59-2-919.1**, Utah Code Annotated 1953

58 REPEALS:

59 **53A-2-114**, as last amended by Laws of Utah 1996, Chapter 326

60 **53A-2-115**, as last amended by Laws of Utah 1996, Chapter 326

61 **53A-16-107**, as last amended by Laws of Utah 1999, Chapter 332

62 **53A-16-110**, as last amended by Laws of Utah 2004, Chapter 371

63 **53A-17a-133**, as last amended by Laws of Utah 2006, Chapter 26

64 **53A-17a-134**, as last amended by Laws of Utah 2006, Chapter 26

65 **53A-17a-143**, as last amended by Laws of Utah 1995, Chapter 271

66 **53A-17a-145**, as renumbered and amended by Laws of Utah 1991, Chapter 72

67 **53A-17a-151**, as enacted by Laws of Utah 2004, Chapter 305

69 *Be it enacted by the Legislature of the state of Utah:*

70 Section 1. Section **11-2-7** is amended to read:

71 **11-2-7. Expenses -- Payment of -- Authority to appropriate and tax -- Licensing**
72 **of television owners and users -- Collection of license fees.**

73 (1) All expenses incurred in the equipment, operation and maintenance of such
74 recreational facilities and activities shall be paid from the treasuries of the respective cities,
75 towns, counties, or school districts, and, except as provided in Subsection (3), the governing
76 bodies of the same may annually appropriate, and cause to be raised by taxation, money for
77 such purposes.

78 (2) In areas so remote from regular transmission points of the large television stations
79 that television reception is impossible without special equipment and adequate, economical and
80 proper television is not available to the public by private sources, said local authorities may
81 also, by ordinance, license, for the purpose of raising revenue to equip, operate and maintain
82 television transmission and relay facilities, all users or owners of television sets within the
83 jurisdiction of said local authorities, and may provide for the collection of the license fees by
84 suit or otherwise and may also enforce obedience to such ordinances with such fine and
85 imprisonment as the local authorities deem proper; provided that the punishment for any
86 violation of such ordinances shall be by a fine not exceeding \$50.00 or by imprisonment not
87 exceeding one day for each \$5.00 of said fine, if the fine is not paid.

88 (3) A governing body that is a school district may not levy a tax in accordance with this
89 section.

90 Section 2. Section **11-13-302** is amended to read:

91 **11-13-302. Payment of fee in lieu of ad valorem property tax by certain energy**
92 **suppliers -- Method of calculating -- Collection -- Extent of tax lien.**

93 (1) (a) Each project entity created under this chapter that owns a project and that sells
94 any capacity, service, or other benefit from it to an energy supplier or suppliers whose tangible
95 property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad
96 valorem property tax, shall pay an annual fee in lieu of ad valorem property tax as provided in
97 this section to each taxing jurisdiction within which the project or any part of it is located.

98 (b) For purposes of this section, "annual fee" means the annual fee described in
99 Subsection (1)(a) that is in lieu of ad valorem property tax.

100 (c) The requirement to pay an annual fee shall commence:

101 (i) with respect to each taxing jurisdiction that is a candidate receiving the benefit of
102 impact alleviation payments under contracts or determination orders provided for in Sections
103 11-13-305 and 11-13-306, with the fiscal year of the candidate following the fiscal year of the
104 candidate in which the date of commercial operation of the last generating unit, other than any
105 generating unit providing additional project capacity, of the project occurs, or, in the case of
106 any facilities providing additional project capacity, with the fiscal year of the candidate
107 following the fiscal year of the candidate in which the date of commercial operation of the
108 generating unit providing the additional project capacity occurs; and

109 (ii) with respect to any taxing jurisdiction other than a taxing jurisdiction described in
110 Subsection (1)(c)(i), with the fiscal year of the taxing jurisdiction in which construction of the
111 project commences, or, in the case of facilities providing additional project capacity, with the
112 fiscal year of the taxing jurisdiction in which construction of those facilities commences.

113 (d) The requirement to pay an annual fee shall continue for the period of the useful life
114 of the project or facilities.

115 (2) (a) The annual fees due a school district shall be as provided in Subsection (2)(b)
116 because the ad valorem property tax imposed by a school district and authorized by the
117 Legislature under Section 53A-17a-135 represents [~~both: (i)~~] a levy mandated by the state for
118 the state minimum school program under Section 53A-17a-135[~~; and~~].

119 ~~[(ii) local levies for capital outlay, maintenance, transportation, and other purposes~~
120 ~~under Sections 11-2-7, 53A-16-107, 53A-16-110, 53A-17a-126, 53A-17a-127, 53A-17a-133,~~
121 ~~53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103.]~~

122 (b) The annual fees due a school district shall be as follows:

123 (i) the project entity shall pay to the school district an annual fee for the state minimum
124 school program at the rate imposed by the school district and authorized by the Legislature
125 under Subsection 53A-17a-135(1); and

126 (ii) for all other local property tax levies authorized to be imposed by a school district,
127 the project entity shall pay to the school district either:

128 (A) an annual fee; or

129 (B) impact alleviation payments under contracts or determination orders provided for
130 in Sections 11-13-305 and 11-13-306.

131 (3) (a) An annual fee due a taxing jurisdiction for a particular year shall be calculated
132 by multiplying the tax rate or rates of the jurisdiction for that year by the product obtained by
133 multiplying the fee base or value determined in accordance with Subsection (4) for that year of
134 the portion of the project located within the jurisdiction by the percentage of the project which
135 is used to produce the capacity, service, or other benefit sold to the energy supplier or suppliers.

136 (b) As used in this section, "tax rate," when applied in respect to a school district,
137 includes any assessment to be made by the school district under Subsection (2) or Section
138 63-51-6.

139 (c) There is to be credited against the annual fee due a taxing jurisdiction for each year,
140 an amount equal to the debt service, if any, payable in that year by the project entity on bonds,
141 the proceeds of which were used to provide public facilities and services for impact alleviation
142 in the taxing jurisdiction in accordance with Sections 11-13-305 and 11-13-306.

143 (d) The tax rate for the taxing jurisdiction for that year shall be computed so as to:

144 (i) take into account the fee base or value of the percentage of the project located
145 within the taxing jurisdiction determined in accordance with Subsection (4) used to produce the
146 capacity, service, or other benefit sold to the supplier or suppliers; and

147 (ii) reflect any credit to be given in that year.

148 (4) (a) Except as otherwise provided in this section, the annual fees required by this
149 section shall be paid, collected, and distributed to the taxing jurisdiction as if:

150 (i) the annual fees were ad valorem property taxes; and
151 (ii) the project were assessed at the same rate and upon the same measure of value as
152 taxable property in the state.

153 (b) (i) Notwithstanding Subsection (4)(a), for purposes of an annual fee required by
154 this section, the fee base of a project may be determined in accordance with an agreement
155 among:

156 (A) the project entity; and

157 (B) any county that:

158 (I) is due an annual fee from the project entity; and

159 (II) agrees to have the fee base of the project determined in accordance with the
160 agreement described in this Subsection (4).

161 (ii) The agreement described in Subsection (4)(b)(i):

162 (A) shall specify each year for which the fee base determined by the agreement shall be
163 used for purposes of an annual fee; and

164 (B) may not modify any provision of this chapter except the method by which the fee
165 base of a project is determined for purposes of an annual fee.

166 (iii) For purposes of an annual fee imposed by a taxing jurisdiction within a county
167 described in Subsection (4)(b)(i)(B), the fee base determined by the agreement described in
168 Subsection (4)(b)(i) shall be used for purposes of an annual fee imposed by that taxing
169 jurisdiction.

170 (iv) (A) If there is not agreement as to the fee base of a portion of a project for any
171 year, for purposes of an annual fee, the State Tax Commission shall determine the value of that
172 portion of the project for which there is not an agreement:

173 (I) for that year; and

174 (II) using the same measure of value as is used for taxable property in the state.

175 (B) The valuation required by Subsection (4)(b)(iv)(A) shall be made by the State Tax
176 Commission in accordance with rules made by the State Tax Commission.

177 (c) Payments of the annual fees shall be made from:

178 (i) the proceeds of bonds issued for the project; and

179 (ii) revenues derived by the project entity from the project.

180 (d) (i) The contracts of the project entity with the purchasers of the capacity, service, or

other benefits of the project whose tangible property is not exempted by Utah Constitution Article XIII, Section 3, from the payment of ad valorem property tax shall require each purchaser, whether or not located in the state, to pay, to the extent not otherwise provided for, its share, determined in accordance with the terms of the contract, of these fees.

(ii) It is the responsibility of the project entity to enforce the obligations of the purchasers.

(5) (a) The responsibility of the project entity to make payment of the annual fees is limited to the extent that there is legally available to the project entity, from bond proceeds or revenues, monies to make these payments, and the obligation to make payments of the annual fees is not otherwise a general obligation or liability of the project entity.

(b) No tax lien may attach upon any property or money of the project entity by virtue of any failure to pay all or any part of an annual fee.

(c) The project entity or any purchaser may contest the validity of an annual fee to the same extent as if the payment was a payment of the ad valorem property tax itself.

(d) The payments of an annual fee shall be reduced to the extent that any contest is successful.

(6) (a) The annual fee described in Subsection (1):

(i) shall be paid by a public agency that:

(A) is not a project entity; and

(B) owns an interest in a facility providing additional project capacity if the interest is otherwise exempt from taxation pursuant to Utah Constitution, Article XIII, Section 3; and

(ii) for a public agency described in Subsection (6)(a)(i), shall be calculated in accordance with Subsection (6)(b).

(b) The annual fee required under Subsection (6)(a) shall be an amount equal to the tax rate or rates of the applicable taxing jurisdiction multiplied by the product of the following:

(i) the fee base or value of the facility providing additional project capacity located within the jurisdiction;

(ii) the percentage of the ownership interest of the public agency in the facility; and

(iii) the portion, expressed as a percentage, of the public agency's ownership interest that is attributable to the capacity, service, or other benefit from the facility that is sold by the public agency to an energy supplier or suppliers whose tangible property is not exempted by

Utah Constitution, Article XIII, Section 3, from the payment of ad valorem property tax.

(c) A public agency paying the annual fee pursuant to Subsection (6)(a) shall have the obligations, credits, rights, and protections set forth in Subsections (1) through (5) with respect to its ownership interest as though it were a project entity.

Section 3. Section **11-14-103** is amended to read:

11-14-103. Bond issues authorized -- Purposes -- Use of bond proceeds.

(1) ~~[Any]~~ Except as provided in Subsection (4), a local political subdivision may, in the manner and subject to the limitations and restrictions contained in this chapter, issue its negotiable bonds for the purpose of paying all or part of the cost of:

(a) acquiring, improving, or extending any one or more improvements, facilities, or property that the local political subdivision is authorized by law to acquire, improve, or extend;

(b) acquiring, or acquiring an interest in, any one or more or any combination of the following types of improvements, facilities, or property to be owned by the local political subdivision, either alone or jointly with one or more other local political subdivisions, or for the improvement or extension of any of those wholly or jointly owned improvements, facilities, or properties:

(i) public buildings of every nature, including without limitation, offices, courthouses, jails, fire, police and sheriff's stations, detention homes, and any other buildings to accommodate or house lawful activities of a local political subdivision;

(ii) waterworks, irrigation systems, water systems, dams, reservoirs, water treatment plants, and any other improvements, facilities, or property used in connection with the acquisition, storage, transportation, and supplying of water for domestic, industrial, irrigation, recreational, and other purposes and preventing pollution of water;

(iii) sewer systems, sewage treatment plants, incinerators, and other improvements, facilities, or property used in connection with the collection, treatment, and disposal of sewage, garbage, or other refuse;

(iv) drainage and flood control systems, storm sewers, and any other improvements, facilities, or property used in connection with the collection, transportation, or disposal of water;

(v) recreational facilities of every kind, including without limitation, athletic and play facilities, playgrounds, athletic fields, gymnasiums, public baths, swimming pools, camps,

243 parks, picnic grounds, fairgrounds, golf courses, zoos, boating facilities, tennis courts,
244 auditoriums, stadiums, arenas, and theaters;

245 (vi) convention centers, sports arenas, auditoriums, theaters, and other facilities for the
246 holding of public assemblies, conventions, and other meetings;

247 (vii) roads, bridges, viaducts, tunnels, sidewalks, curbs, gutters, and parking buildings,
248 lots, and facilities;

249 (viii) airports, landing fields, landing strips, and air navigation facilities;

250 (ix) educational facilities, including without limitation, schools, gymnasiums,
251 auditoriums, theaters, museums, art galleries, libraries, stadiums, arenas, and fairgrounds;

252 (x) hospitals, convalescent homes, and homes for the aged or indigent; and

253 (xi) electric light works, electric generating systems, and any other improvements,
254 facilities, or property used in connection with the generation and acquisition of electricity for
255 these local political subdivisions and transmission facilities and substations if they do not
256 duplicate transmission facilities and substations of other entities operating in the state prepared
257 to provide the proposed service unless these transmission facilities and substations proposed to
258 be constructed will be more economical to these local political subdivisions; or

259 (c) new construction, renovation, or improvement to a state highway within the
260 boundaries of the local political subdivision or an environmental study for a state highway
261 within the boundaries of the local political subdivision.

262 (2) Except as provided in Subsection (1)(c), any improvement, facility, or property
263 under Subsection (1) need not lie within the limits of the local political subdivision.

264 (3) A cost under Subsection (1) may include:

265 (a) the cost of equipment and furnishings for such improvements, facilities, or
266 property;

267 (b) all costs incident to the authorization and issuance of bonds, including engineering,
268 legal, and fiscal advisers' fees;

269 (c) costs incident to the issuance of bond anticipation notes, including interest to accrue
270 on bond anticipation notes;

271 (d) interest estimated to accrue on the bonds during the period to be covered by the
272 construction of the improvement, facility, or property and for 12 months after that period; and

273 (e) other amounts which the governing body finds necessary to establish bond reserve

funds and to provide working capital related to the improvement, facility, or property.

(4) Notwithstanding Subsection (1), a local political subdivision that is a school district may not issue a bond:

(a) in accordance with this chapter; and

(b) on or after January 1, 2009.

Section 4. Section **11-14-301** is amended to read:

11-14-301. Issuance of bonds by governing body -- Computation of indebtedness under constitutional and statutory limitations.

(1) If the governing body has declared the bond proposition to have carried and no contest has been filed, or if a contest has been filed and favorably terminated, the governing body may proceed to issue the bonds voted at the election.

(2) ~~[H]~~ (a) Except as provided in Subsection (2)(b), it is not necessary that all of the bonds be issued at one time, but bonds approved by the voters may not be issued more than ten years after the date of the election.

(b) Notwithstanding Subsection (2)(a), a local political subdivision that is a school district may not issue a bond:

(i) in accordance with this chapter; and

(ii) on or after January 1, 2009.

(3) (a) Bonds approved by the voters may not be issued to an amount that will cause the indebtedness of the local political subdivision to exceed that permitted by the Utah Constitution or statutes.

(b) In computing the amount of indebtedness that may be incurred pursuant to constitutional and statutory limitations, the constitutionally or statutorily permitted percentage, as the case may be, shall be applied to the fair market value, as defined under Section 59-2-102, of the taxable property in the local political subdivision, as computed from the last applicable equalized assessment roll before the incurring of the additional indebtedness.

(c) In determining the fair market value of the taxable property in the local political subdivision as provided in this section, the value of all tax equivalent property, as defined in Section 59-3-102, shall be included as a part of the total fair market value of taxable property in the local political subdivision, as provided in Title 59, Chapter 3, Tax Equivalent Property Act.

(4) Bonds of improvement districts issued in a manner that they are payable solely from the revenues to be derived from the operation of the facilities of the district may not be included as bonded indebtedness for the purposes of the computation.

(5) Where bonds are issued by a city, town, or county payable solely from revenues derived from the operation of revenue-producing facilities of the city, town, or county, or payable solely from a special fund into which are deposited excise taxes levied and collected by the city, town, or county, or excise taxes levied by the state and rebated pursuant to law to the city, town, or county, or any combination of those excise taxes, the bonds shall be included as bonded indebtedness of the city, town, or county only to the extent required by the Utah Constitution, and any bonds not so required to be included as bonded indebtedness of the city, town, or county need not be authorized at an election, except as otherwise provided by the Utah Constitution, the bonds being hereby expressly excluded from the election requirement of Section 11-14-201.

(6) A bond election is not void when the amount of bonds authorized at the election exceeded the limitation applicable to the local political subdivision at the time of holding the election, but the bonds may be issued from time to time in an amount within the applicable limitation at the time the bonds are issued.

Section 5. Section **20A-1-203** is amended to read:

20A-1-203. Calling and purpose of special elections.

(1) Statewide and local special elections may be held for any purpose authorized by law.

(2) (a) Statewide special elections shall be conducted using the procedure for regular general elections.

(b) Except as otherwise provided in this title, local special elections shall be conducted using the procedures for regular municipal elections.

(3) The governor may call a statewide special election by issuing an executive order that designates:

(a) the date for the statewide special election; and

(b) the purpose for the statewide special election.

(4) The Legislature may call a statewide special election by passing a joint or concurrent resolution that designates:

336 (a) the date for the statewide special election; and
 337 (b) the purpose for the statewide special election.

338 (5) (a) The legislative body of a local political subdivision may call a local special
 339 election only for:

340 (i) a vote on a bond or debt issue;
 341 ~~[(ii) a vote on a voted leeway program authorized by Section 53A-17a-133 or~~
 342 ~~53A-17a-134;]~~

343 ~~[(iii)]~~ (ii) an initiative authorized by Chapter 7, Part 5, Local Initiatives - Procedure;
 344 ~~[(iv)]~~ (iii) a referendum authorized by Chapter 7, Part 6, Local Referenda - Procedures;
 345 ~~[(v)]~~ (iv) if required or authorized by federal law, a vote to determine whether or not
 346 Utah's legal boundaries should be changed;
 347 ~~[(vi)]~~ (v) a vote authorized or required by Title 59, Chapter 12, Sales and Use Tax Act;
 348 or

349 ~~[(vii)]~~ (vi) a vote to elect members to school district boards for a new school district
 350 and a remaining school district, as defined in Section 53A-2-117, following the creation of a
 351 new school district under Section 53A-2-118.1.

352 (b) The legislative body of a local political subdivision may call a local special election
 353 by adopting an ordinance or resolution that designates:

354 (i) the date for the local special election; and
 355 (ii) the purpose for the local special election.

356 Section 6. Section **53A-1a-513** is amended to read:

357 **53A-1a-513. Funding for charter schools.**

358 (1) (a) Charter schools shall receive funding as described in this section, except
 359 Subsections (2) through (7) do not apply to charter schools described in Subsection (1)(b).

360 (b) Charter schools authorized by local school boards that are converted from district
 361 schools or operate in district facilities without paying reasonable rent shall receive funding as
 362 prescribed in Section 53A-1a-515.

363 (2) (a) Except as provided in Subsection (2)(b), a charter school shall receive state
 364 funds, as applicable, on the same basis as a school district receives funds.

365 (b) In distributing funds under Title 53A, Chapter 17a, Minimum School Program Act,
 366 to charter schools, charter school pupils shall be weighted, where applicable, as follows:

- (i) .55 for kindergarten pupils;
- (ii) .9 for pupils in grades 1-6;
- (iii) .99 for pupils in grades 7-8; and
- (iv) 1.2 for pupils in grades 9-12.

(c) The State Board of Education shall make rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, to administer Subsection (2)(b), including hold harmless provisions to maintain a charter elementary school's funding level for a period of two years after the effective date of the distribution formula.

(d) Subsection (2)(b) does not apply to funds appropriated to charter schools to replace local property tax revenues.

(3) The State Board of Education shall adopt rules to provide for the distribution of monies to charter schools under this section.

(4) (a) The Legislature shall provide an appropriation for charter schools for each of their students to replace some of the local property tax revenues that are not available to charter schools. The amount of money provided for each charter school student shall be determined by:

- (i) calculating the sum of:

(A) school districts' operations and maintenance revenues derived from local property taxes, except revenues from imposing a minimum basic tax rate pursuant to Section 53A-17a-135;

(B) school districts' capital projects revenues derived from local property taxes; and

(C) school districts' expenditures for interest on debt; and

- (ii) dividing the sum by the total average daily membership of the districts' schools.

(b) Of the monies provided to a charter school under Subsection (4)(a), 10% shall be expended for funding school facilities only.

(c) To qualify for money under Subsection (4)(a), a new charter school shall, by September 30 of the school year prior to the school year it intends to begin operations:

- (i) obtain approval of its application for a charter from:

(A) the State Board of Education, pursuant to Section 53A-1a-505; or

(B) a local school board, pursuant to Section 53A-1a-515; and

- (ii) submit to the chartering entity an estimate of the charter school's first year

enrollment.

(d) Subsection (4)(c) does not apply to charter schools beginning operations in the 2005-06 school year.

(e) By December 1, the State Charter School Board shall submit to the Governor's Office of Planning and Budget and the Office of the Legislative Fiscal Analyst an estimate of total charter school enrollment in the state for the following school year.

(5) Charter schools are eligible to receive federal funds if they meet all applicable federal requirements and comply with relevant federal regulations.

(6) The State Board of Education shall distribute funds for charter school students directly to the charter school.

(7) (a) Notwithstanding Subsection (2), a charter school is not eligible to receive state transportation funding.

(b) The board shall also adopt rules relating to the transportation of students to and from charter schools, taking into account ~~[Sections]~~ Section 53A-2-210 ~~[and 53A-17a-127]~~.

(c) The governing body of the charter school may provide transportation through an agreement or contract with the local school board, a private provider, or with parents.

(8) (a) (i) The state superintendent of public instruction may allocate grants for both start-up and ongoing costs to eligible charter school applicants from monies appropriated for the implementation of this part.

(ii) Applications for the grants shall be filed on a form determined by the state superintendent and in conjunction with the application for a charter.

(iii) The amount of a grant may vary based upon the size, scope, and special circumstances of the charter school.

(iv) The governing board of the charter school shall use the grant to meet the expenses of the school as established in the school's charter.

(b) The State Board of Education shall coordinate the distribution of federal monies appropriated to help fund costs for establishing and maintaining charter schools within the state.

(9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant, endowment, gift, or donation of any property made to the school for any of the purposes of this part.

(b) It is unlawful for any person affiliated with a charter school to demand or request any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated with the charter school as a condition for employment or enrollment at the school or continued attendance at the school.

(10) The State Office of Education shall use up to \$1,044,000 of funding provided for new growth to fund additional growth needs in charter schools in fiscal year 2005.

Section 7. Section **53A-2-118.2** is amended to read:

53A-2-118.2. New school district property tax -- Limitations.

(1) ~~[(a)]~~ A new school district created under Section 53A-2-118.1 may not impose a property tax prior to the fiscal year in which the new school district assumes responsibility for providing student instruction.

~~[(b)]~~ (2) The remaining school district retains authority to impose property taxes on the existing school district, including the territory of the new school district, until the fiscal year in which the new school district assumes responsibility for providing student instruction.

~~[(2)(a) If at the time a new school district created pursuant to Section 53A-2-118.1 assumes responsibility for student instruction any portion of the territory within the new school district was subject to a levy pursuant to Section 53A-16-110 or 53A-17a-133, the new school district's board may:]~~

~~[(i) discontinue the levy for the new school district;]~~

~~[(ii) impose a levy on the new school district as provided in Section 53A-16-110 or 53A-17a-133; or]~~

~~[(iii) impose the levy on the new school district, subject to Subsection (2)(b).]~~

~~[(b) If the new school district's board applies a levy to the new school district pursuant to Subsection (2)(a)(iii), the levy may not exceed the maximum duration or rate authorized by the voters of the existing district or districts at the time of the vote to create the new school district.]~~

Section 8. Section **53A-2-206** is amended to read:

53A-2-206. Interstate compact students -- Inclusion in attendance count -- Funding for foreign exchange students -- Annual report -- Requirements for exchange student agencies.

(1) A school district or charter school may include the following students in the

district's or school's membership and attendance count for the purpose of apportionment of state monies:

(a) a student enrolled under an interstate compact, established between the State Board of Education and the state education authority of another state, under which a student from one compact state would be permitted to enroll in a public school in the other compact state on the same basis as a resident student of the receiving state; or

(b) a student receiving services under the Compact on Placement of Children.

(2) (a) A school district or charter school may include foreign exchange students in the district's or school's membership and attendance count for the purpose of apportionment of state monies, except as provided in Subsections (2)(b) through ~~(c)~~ (d).

(b) (i) Notwithstanding Section 53A-17a-106, foreign exchange students may not be included in average daily membership for the purpose of determining the number of weighted pupil units in the grades 1-12 basic program.

(ii) Subject to the limitation in Subsection (2)(c), the number of weighted pupil units in the grades 1-12 basic program attributed to foreign exchange students shall be equal to the number of foreign exchange students who were:

(A) enrolled in a school district or charter school on October 1 of the previous fiscal year; and

(B) sponsored by an agency approved by the district's local school board or charter school's governing board.

(c) (i) The total number of foreign exchange students in the state that may be counted for the purpose of apportioning state monies under Subsection (2)(b) shall be the lesser of:

(A) the number of foreign exchange students enrolled in public schools in the state on October 1 of the previous fiscal year; or

(B) 328 foreign exchange students.

(ii) The State Board of Education shall make rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, to administer the cap on the number of foreign exchange students that may be counted for the purpose of apportioning state monies under Subsection (2)(b).

~~[(d) Notwithstanding Sections 53A-17a-133 and 53A-17a-134, weighted pupil units in the grades 1-12 basic program for foreign exchange students, as determined by Subsections~~

(2)(b) and (c), may not be included for the purposes of determining a school district's state guarantee money under the voted or board leeway programs.]

[~~(e)~~] (d) Notwithstanding Section 53A-17a-125, foreign exchange students may not be included in enrollment when calculating student growth for the purpose of adjusting the annual appropriation for retirement and Social Security.

(3) A school district or charter school may:

(a) enroll foreign exchange students that do not qualify for state monies; and

(b) pay for the costs of those students with other funds available to the school district or charter school.

(4) Due to the benefits to all students of having the opportunity to become familiar with individuals from diverse backgrounds and cultures, school districts are encouraged to enroll foreign exchange students, as provided in Subsection (3), particularly in schools with declining or stable enrollments where the incremental cost of enrolling the foreign exchange student may be minimal.

(5) The board shall make an annual report to the Legislature on the number of exchange students and the number of interstate compact students sent to or received from public schools outside the state.

(6) (a) A local school board or charter school governing board shall require each approved exchange student agency to provide it with a sworn affidavit of compliance prior to the beginning of each school year.

(b) The affidavit shall include the following assurances:

(i) that the agency has complied with all applicable policies of the board;

(ii) that a household study, including a background check of all adult residents, has been made of each household where an exchange student is to reside, and that the study was of sufficient scope to provide reasonable assurance that the exchange student will receive proper care and supervision in a safe environment;

(iii) that host parents have received training appropriate to their positions, including information about enhanced criminal penalties under Subsection 76-5-406(10) for persons who are in a position of special trust;

(iv) that a representative of the exchange student agency shall visit each student's place of residence at least once each month during the student's stay in Utah;

(v) that the agency will cooperate with school and other public authorities to ensure that no exchange student becomes an unreasonable burden upon the public schools or other public agencies;

(vi) that each exchange student will be given in the exchange student's native language names and telephone numbers of agency representatives and others who could be called at any time if a serious problem occurs; and

(vii) that alternate placements are readily available so that no student is required to remain in a household if conditions appear to exist which unreasonably endanger the student's welfare.

(7) (a) A local school board or charter school governing board shall provide each approved exchange student agency with a list of names and telephone numbers of individuals not associated with the agency who could be called by an exchange student in the event of a serious problem.

(b) The agency shall make a copy of the list available to each of its exchange students in the exchange student's native language.

Section 9. Section **53A-3-415** is amended to read:

53A-3-415. School board policy on detaining students after school.

(1) Each local school board shall establish a policy on detaining students after regular school hours as a part of the districtwide discipline plan required under Section [~~53A-17a-135~~] 53A-11-901.

(2) The policy shall apply to elementary school students, grades kindergarten through six. The board shall receive input from teachers, school administrators, and parents and guardians of the affected students before adopting the policy.

(3) The policy shall provide for notice to the parent or guardian of a student prior to holding the student after school on a particular day. The policy shall also provide for exceptions to the notice provision if detention is necessary for the student's health or safety.

Section 10. Section **53A-17a-103** is amended to read:

53A-17a-103. Definitions.

As used in this chapter:

(1) "Basic state-supported school program" or "basic program" means public education programs for kindergarten, elementary, and secondary school students that are operated and

maintained for the amount derived by multiplying the number of weighted pupil units for each district by \$2,514, except as otherwise provided in this chapter.

(2) (a) "Certified revenue levy" means a property tax levy that provides an amount of ad valorem property tax revenue equal to the sum of:

(i) the amount of ad valorem property tax revenue to be generated statewide in the previous year from imposing a minimum basic tax rate, as specified in Subsection 53A-17a-135(1)[~~(a)~~]; and

(ii) the product of:

(A) new growth, as defined in Section 59-2-924 and rules of the State Tax Commission; and

(B) the minimum basic tax rate certified by the State Tax Commission for the previous year.

(b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not include property tax revenue received statewide from personal property that is:

(i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County Assessment; and

(ii) semiconductor manufacturing equipment.

~~[(3) "Leeway program" or "leeway" means a state-supported voted leeway program or board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.]~~

~~[(4)]~~ (3) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

~~[(5)]~~ (4) (a) "State-supported minimum school program" or "minimum school program" means public school programs for kindergarten, elementary, and secondary schools as described in this Subsection ~~[(5)]~~ (4).

(b) The minimum school program established in the districts shall include the equivalent of a school term of nine months as determined by the State Board of Education.

(c) (i) The board shall establish the number of days or equivalent instructional hours that school is held for an academic school year.

(ii) Education, enhanced by utilization of technologically enriched delivery systems, when approved by local school boards, shall receive full support by the State Board of Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing

commercial advertising.

(d) The program includes the total of the following annual costs:

(i) the cost of a basic state-supported school program; and

(ii) other amounts appropriated in this chapter in addition to the basic program.

~~[(6)]~~ (5) "Weighted pupil unit or units or WPU or WPU's" means the unit of measure of factors that is computed in accordance with this chapter for the purpose of determining the costs of a program on a uniform basis for each district.

Section 11. Section **53A-17a-105** is amended to read:

53A-17a-105. Action required for underestimated or overestimated weighted pupil units -- Action required for underestimating or overestimating local contributions.

(1) If the number of weighted pupil units in a program is underestimated in Section 53A-17a-104, the amount per pupil in that program paid under this chapter must be reduced so that the amount paid does not exceed the estimated amount by program.

(2) If the number of weighted pupil units in a program is overestimated in Section 53A-17a-104, the state superintendent of public instruction shall either increase the amount paid in that program per weighted pupil unit or transfer the unused amount in that program to another program included in the minimum school program.

(3) (a) If surplus funds are transferred to another program, the state superintendent, if he determines certain districts have greater need for additional funds, may designate the districts as well as the programs to which the transferred funds will be allocated.

(b) Any amounts transferred under Subsection ~~(3)~~(a) may be spent in addition to the amounts listed in Section 53A-17a-104.

(4) The limitation on the proceeds from local tax rates for operation and maintenance programs under this chapter is subject to ~~[modification by local school boards under Sections 53A-17a-133 and 53A-17a-134 and to]~~ special tax rates authorized by this chapter, and shall be adjusted accordingly.

(5) If local contributions are overestimated, the guarantee per weighted pupil unit is reduced for all programs so the total state contribution for operation and maintenance programs does not exceed the amount authorized in Subsection 53A-17a-104(1).

(6) (a) If local contributions from the basic tax rate for operation and maintenance programs are underestimated, the excess is applied first to support the value of the weighted

pupil unit as set by the Legislature for total weighted pupil units generated by the districts and those costs of Social Security and retirement, transportation, and board and voted leeway that occur as a result of the additional generated weighted pupil units, following internal adjustments by the state superintendent as provided in this section.

(b) The state contribution is decreased so the total school program cost for operation and maintenance programs does not exceed the total estimated contributions to school districts for all programs under Subsection 53A-17a-104(2) plus the amount of local revenue necessary to support the value of the weighted pupil unit for weighted pupil units generated and those costs of Social Security and retirement, transportation, and board and voted leeway that occur as a result of the additional generated weighted pupil units.

(7) As an exception to Section 63-38-8, the state fiscal officer may not close out appropriations from the Uniform School Fund at the end of a fiscal year.

Section 12. Section **53A-17a-127** is amended to read:

53A-17a-127. Eligibility for state-supported transportation -- Approved bus routes -- Additional local tax.

(1) A student eligible for state-supported transportation means:

(a) a student enrolled in kindergarten through grade six who lives at least 1-1/2 miles from school;

(b) a student enrolled in grades seven through 12 who lives at least two miles from school; and

(c) a student enrolled in a special program offered by a school district and approved by the State Board of Education for trainable, motor, multiple-disabled, or other students with severe disabilities who are incapable of walking to school or where it is unsafe for students to walk because of their disabling condition, without reference to distance from school.

(2) If a school district implements double sessions as an alternative to new building construction, with the approval of the State Board of Education, those affected elementary school students residing less than 1-1/2 miles from school may be transported one way to or from school because of safety factors relating to darkness or other hazardous conditions as determined by the local school board.

(3) (a) The State Office of Education shall distribute transportation monies to school districts based on three factors:

646 (i) an allowance per mile for approved bus routes;
647 (ii) an allowance per hour for approved bus routes; and
648 (iii) an annual allowance for equipment and overhead costs based on approved bus
649 routes and the age of the equipment.

650 (b) In order for a bus to be considered for the equipment allowance, it must meet
651 federal and state regulations and standards for school buses.

652 (c) The State Office of Education shall annually review the allowance per mile, the
653 allowance per hour, and the annual equipment and overhead allowance and adjust the
654 allowance to reflect current economic conditions.

655 (4) (a) Approved bus routes for funding purposes shall be determined on fall data
656 collected by October 1.

657 (b) Approved route funding shall be determined on the basis of the most efficient and
658 economic routes.

659 (5) A Transportation Advisory Committee with representation from local school
660 superintendents, business officials, school district transportation supervisors, and the State
661 Office of Education shall serve as a review committee for addressing school transportation
662 needs, including recommended approved bus routes.

663 (6) (a) A local school board may provide for the transportation of students who are not
664 eligible under Subsection (1), regardless of the distance from school, from~~[-(i)]~~ general funds
665 of the district~~[-and]~~.

666 ~~[(ii) a tax rate not to exceed .0003 per dollar of taxable value imposed on the district.]~~

667 ~~[(b) A local school board may use revenue from the tax to pay for transporting~~
668 ~~participating students to interscholastic activities, night activities, and educational field trips~~
669 ~~approved by the board and for the replacement of school buses.]~~

670 ~~[(c) (i) If a local school board levies a tax under Subsection (6)(a)(ii) of at least .0002,~~
671 ~~the]~~

672 (b) (i) The state may contribute an amount not to exceed 85% of the state average cost
673 per mile, contingent upon the Legislature appropriating funds for a state contribution.

674 (ii) The State Office of Education shall distribute the state contribution according to
675 rules enacted by the State Board of Education.

676 ~~[(d)]~~ (c) (i) The amount of state guarantee money to which a school district would

otherwise be entitled to under Subsection (6)(~~e~~)(b) may not be reduced for the sole reason that the district's levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924 due to changes in property valuation.

(ii) Subsection (6)(~~d~~)(c)(i) applies for a period of two years following the change in the certified tax rate.

(7) There is appropriated for the fiscal year beginning July 1, 1999, \$225,000 to the state board as the state's contribution under Subsection (6)(~~e~~)(b)(i).

Section 13. Section **53A-17a-135** is amended to read:

53A-17a-135. Minimum basic tax rate -- Certified revenue levy.

(1) [~~a~~] In order to qualify for receipt of the state contribution toward the basic program and as its contribution toward its costs of the basic program, each school district shall impose a minimum basic tax rate of .001720 per dollar of taxable value [~~that generates \$245,254,790 in revenues statewide~~].

~~[(b) The preliminary estimate for the 2007-08 minimum basic tax rate is .001474.]~~

~~[(c) The State Tax Commission shall certify on or before June 22 the rate that generates \$245,254,790 in revenues statewide.]~~

~~[(d) If the minimum basic tax rate exceeds the certified revenue levy as defined in Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.]~~

(2) (a) The state shall contribute to each district toward the cost of the basic program in the district that portion which exceeds the proceeds of the levy authorized under Subsection (1).

(b) In accord with the state strategic plan for public education and to fulfill its responsibility for the development and implementation of that plan, the Legislature instructs the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each of the coming five years to develop budgets that will fully fund student enrollment growth.

(3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the cost of the basic program in a school district, no state contribution shall be made to the basic program.

(b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of the basic program shall be paid into the Uniform School Fund as provided by law.

Section 14. Section **53A-17a-155** is enacted to read:

53A-17a-155. School district discretionary levy.

(1) As used in this section:

(a) "Certified tax rate" means a school district's certified tax rate calculated in accordance with Section 59-2-924.

(b) "Property tax increment" means an amount equal to the difference between:

(i) an amount equal to the sum of the following:

(A) the amount of revenue generated during the taxable year beginning January 1, 2008, from the sum of the following levies of a school district:

(I) Section 11-2-7;

(II) Section 11-14-103;

(III) Section 53A-16-107;

(IV) Section 53A-16-110;

(V) Section 53A-16-111;

(VI) Section 53A-17a-127;

(VII) Section 53A-17a-133;

(VIII) Section 53A-17a-134;

(IX) Section 53A-17a-143;

(X) Section 53A-17a-145;

(XI) Section 53A-17a-151; and

(XII) Section 63-30d-704; and

(B) new growth as defined in Subsection 59-2-924(2)(b)(iii); and

(ii) the amount of revenue equal to the difference of the following:

(A) the amount of revenue generated within the school district by the imposition of the minimum basic tax rate levied in accordance with Section 53A-17a-135 during the taxable year beginning on January 1, 2008; and

(B) the estimated amount of revenue to be generated within the school district by the imposition of the minimum basic tax rate levied in accordance with Section 53A-17a-135 during the taxable year beginning on January 1, 2009.

(2) (a) For taxable years beginning on or after January 1, 2009 and ending on or before December 31, 2010, a local school board may levy a tax not to exceed a tax rate that would generate an amount equal to the school district's property tax increment.

(3) Subject to the other requirements of this section, for taxable years beginning on or after January 1, 2011, a local school board may levy a tax to fund the school district's general fund.

(4) (a) Before imposing a property tax levy pursuant to this section, a school district shall submit an opinion question to the taxing entity's registered voters voting on the imposition of the tax rate so that each registered voter has the opportunity to express the registered voter's opinion on whether the tax rate should be imposed if:

(i) the school district levies a tax rate pursuant to this section on or after January 1, 2011; and

(ii) the school district's proposed tax rate exceeds the school district's certified tax rate.

(b) The election required by this Subsection (4) shall be held:

(i) at a regular general election conducted in accordance with the procedures and requirements of Title 20A, Election Code, governing regular elections; or

(ii) at a municipal general election conducted in accordance with the procedures and requirements of Section 20A-1-202.

(c) Notwithstanding the requirements of Subsections (4)(a) and (b), beginning on or after January 1, 2011, a school district may levy a tax rate in accordance with this section without complying with the requirements of Subsections (4)(a) and (b) if:

(i) the school district imposed a tax in accordance with this section at any time on or after January 1, 2009 and on or before December 31, 2010; and

(ii) the tax rate generates an amount of revenue equal to or less than the sum of:

(A) the school district's property tax increment; and

(B) new growth as defined in Subsection 59-2-924(2)(b)(iii).

(5) (a) If a school district determines that a majority of the school district's registered voters voting on the imposition of the tax rate have voted in favor of the imposition of the tax rate in accordance with Subsection (4), the school district may impose the tax rate.

(b) If a school district determines that a majority of the school district's registered voters voting on the imposition of the tax rate have voted against the imposition of the tax rate in accordance with Subsection (4), the taxing entity may impose a tax rate that is less than or equal to the school district's certified tax rate.

Section 15. Section **53A-21-103** is amended to read:

770 **53A-21-103. Qualifications for participation in the foundation program --**
771 **Distribution of monies -- Distribution formulas.**

772 ~~[(1) In order for a school district to qualify for monies under the Capital Outlay~~
773 ~~Foundation Program established in Subsection 53A-21-102(1), a local school board must levy a~~
774 ~~tax rate of up to .0024 per dollar of taxable value for capital outlay and debt service.]~~

775 ~~[(2) The State Board of Education shall adopt rules in accordance with Title 63,~~
776 ~~Chapter 46a, Utah Administrative Rulemaking Act, that: (a) allow a school district levying~~
777 ~~less than the full .0024 tax rate to receive proportional funding under the foundation program~~
778 ~~based upon the percentage of the .0024 tax rate levied by the district; and (b) maintain a school~~
779 ~~district's funding under the Capital Outlay Foundation Program for up to two years if the school~~
780 ~~district's funding would otherwise be reduced as a consequence of changes in the certified tax~~
781 ~~rate under Section 59-2-924 due to changes in property valuation;]~~

782 ~~[(3)]~~ The State Board of Education shall distribute monies in the Capital Outlay
783 Foundation Program in accordance with a formula developed by the state superintendent of
784 public instruction which guarantees that [a] an estimated tax rate of up to .0024 per dollar of
785 taxable value for capital outlay and debt service yields a minimum amount per pupil in average
786 daily membership.

787 Section 16. Section **53A-21-104** is amended to read:

788 **53A-21-104. School Building Revolving Account -- Access to the account.**

789 (1) There is created a nonlapsing "School Building Revolving Account" administered
790 within the Uniform School Fund by the state superintendent of public instruction in accordance
791 with rules adopted by the State Board of Education.

792 (2) Monies received by a school district from the School Building Revolving Account
793 may not exceed the district's bonding limit minus its outstanding bonds.

794 (3) In order to receive monies from the account, a school district must do the
795 following:

796 ~~[(a) levy a tax of at least .0024 for capital outlay and debt service;]~~

797 ~~[(b)]~~ (a) contract with the state superintendent of public instruction to repay the
798 monies, with interest at a rate established by the state superintendent, within five years of their
799 receipt, using future state building monies or local revenues or both;

800 ~~[(c)]~~ (b) levy sufficient ad valorem taxes under Section 11-14-310 to guarantee annual

loan repayments, unless the state superintendent of public instruction alters the payment schedule to improve a hardship situation; and

~~[(d)]~~ (c) meet any other condition established by the State Board of Education pertinent to the loan.

(4) (a) The state superintendent shall establish a committee, including representatives from state and local education entities, to:

(i) review requests by school districts for loans under this section; and

(ii) make recommendations regarding approval or disapproval of the loan applications to the state superintendent.

(b) If the committee recommends approval of a loan application under Subsection (4)(a)(ii), the committee's recommendation shall include:

(i) the recommended amount of the loan;

(ii) the payback schedule; and

(iii) the interest rate to be charged.

(5) (a) There is established within the School Building Revolving Account the Charter School Building Subaccount administered by the State Board of Education, in consultation with the State Charter School Board, in accordance with rules adopted by the State Board of Education.

(b) The Charter School Building Subaccount shall consist of:

(i) money appropriated to the subaccount by the Legislature;

(ii) money received from the repayment of loans made from the subaccount; and

(iii) interest earned on monies in the subaccount.

(c) The state superintendent of public instruction shall make loans to charter schools from the Charter School Building Subaccount to pay for the costs of:

(i) planning expenses;

(ii) constructing or renovating charter school buildings;

(iii) equipment and supplies; or

(iv) other start-up or expansion expenses.

(d) Loans to new charter schools or charter schools with urgent facility needs may be given priority.

(6) (a) The State Board of Education shall establish a committee, which shall include

individuals who have expertise or experience in finance, real estate, and charter school administration, one of whom shall be nominated by the governor to:

- (i) review requests by charter schools for loans under this section; and
- (ii) make recommendations regarding approval or disapproval of the loan applications to the State Charter School Board and the State Board of Education.

(b) If the committee recommends approval of a loan application under Subsection (6)(a)(ii), the committee's recommendation shall include:

- (i) the recommended amount of the loan;
 - (ii) the payback schedule; and
 - (iii) the interest rate to be charged.
- (c) The committee members may not:
- (i) be a relative, as defined in Section 53A-1a-518, of a loan applicant; or
 - (ii) have a pecuniary interest, directly or indirectly, with a loan applicant or any person or entity that contracts with a loan applicant.

(7) The State Board of Education, in consultation with the State Charter School Board, shall approve all loans to charter schools under this section.

(8) Loans to charter schools under this section may not exceed a term of five years.

(9) The State Board of Education may not approve loans to charter schools under this section that exceed a total of \$2,000,000 in any year.

Section 17. Section **59-2-919** is amended to read:

59-2-919. Resolution proposing tax increases -- Notice -- Contents of notice of proposed tax increase -- Personal mailed notice in addition to advertisement -- Contents of personal mailed notice -- Hearing -- Dates.

A tax rate in excess of the certified tax rate may not be levied until a resolution has been approved by the taxing entity in accordance with the following procedure:

(1) (a) (i) The taxing entity shall advertise its intent to exceed the certified tax rate in a newspaper or combination of newspapers of general circulation in the taxing entity.

(ii) Notwithstanding Subsection (1)(a)(i), a taxing entity is not required to meet the advertisement or hearing requirements of this section if:

(A) the taxing entity:

(I) collected less than \$15,000 in ad valorem tax revenues for the previous fiscal year;

or

(II) is expressly exempted by law from complying with the requirements of this section; or

(B) (I) the taxing entity is a party to an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act, that creates an interlocal entity to provide fire protection, emergency, and emergency medical services;

(II) the tax rate increase is approved by the taxing entity's voters at an election held for that purpose on or before December 31, 2010;

(III) the purpose of the tax rate increase is to pay for fire protection, emergency, and emergency medical services provided by the interlocal entity; and

(IV) at least 30 days before its annual budget hearing, the taxing entity:

(Aa) adopts a resolution certifying that the taxing entity will dedicate all revenue from the tax rate increase exclusively to pay for fire protection, emergency, and emergency medical services provided by the interlocal entity and that the amount of other revenues, independent of the revenue generated from the tax rate increase, that the taxing entity spends for fire protection, emergency, and emergency medical services each year after the tax rate increase will not decrease below the amount spent by the taxing entity during the year immediately before the tax rate increase without a corresponding decrease in the taxing entity's property tax revenues used in calculating the taxing entity's certified tax rate; and

(Bb) sends a copy of the resolution to the commission.

(iii) The exception under Subsection (1)(a)(ii)(B) from the advertisement and hearing requirements of this section does not apply to an increase in a taxing entity's tax rate that occurs after December 31, 2010, even if the tax rate increase is approved by the taxing entity's voters before that date.

~~[(iv) Notwithstanding Subsection (1)(a)(i), a taxing entity is not required to meet the advertisement requirements of this section if Section 53A-17a-133 allows the taxing entity to levy a tax rate that exceeds that certified tax rate without having to comply with the advertisement requirements of this section.]~~

(b) The advertisement described in this section shall:

(i) be no less than 1/4 page in size;

(ii) use type no smaller than 18 point; and

(iii) be surrounded by a 1/4-inch border.

(c) The advertisement described in this section may not be placed in that portion of the newspaper where legal notices and classified advertisements appear.

(d) It is the intent of the Legislature that:

(i) whenever possible, the advertisement described in this section appear in a newspaper that is published at least one day per week; and

(ii) the newspaper or combination of newspapers selected:

(A) be of general interest and readership in the taxing entity; and

(B) not be of limited subject matter.

(e) The advertisement described in this section shall:

(i) be run once each week for the two weeks preceding the adoption of the final budget; and

(ii) state that the taxing entity will meet on a certain day, time, and place fixed in the advertisement, which shall be not less than seven days after the day the first advertisement is published, for the purpose of hearing comments regarding any proposed increase and to explain the reasons for the proposed increase.

(f) The meeting on the proposed increase may coincide with the hearing on the proposed budget of the taxing entity.

(2) The form and content of the notice shall be substantially as follows:

"NOTICE OF PROPOSED TAX INCREASE

(NAME OF TAXING ENTITY)

The (name of the taxing entity) is proposing to increase its property tax revenue.

● If the proposed budget is approved, this would be an increase of _____% above the (name of the taxing entity) property tax budgeted revenue for the prior year.

● The (name of the taxing entity) tax on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence would increase from \$_____ to \$_____, which is \$_____ per year.

● The (name of the taxing entity) tax on a (insert the value of a business having the same value as the average value of a residence in the taxing entity) business would increase from \$_____ to \$_____, which is \$_____ per year.

(Name of taxing entity) property tax revenue from new growth and other sources will

925 increase from \$_____ to \$_____.

926 All concerned citizens are invited to a public hearing on the tax increase.

927 PUBLIC HEARING

928 Date/Time: (date) (time)

929 Location: (name of meeting place and address of meeting place)

930 To obtain more information regarding the tax increase, citizens may contact the (name
931 of the taxing entity) at (phone number of taxing entity)."

932 (3) The commission:

933 (a) shall adopt rules governing the joint use of one advertisement under this section or
934 Section 59-2-918 by two or more taxing entities; and

935 (b) may, upon petition by any taxing entity, authorize either:

936 (i) the use of weekly newspapers in counties having both daily and weekly newspapers
937 where the weekly newspaper would provide equal or greater notice to the taxpayer; or

938 (ii) the use of a commission-approved direct notice to each taxpayer if the:

939 (A) cost of the advertisement would cause undue hardship; and

940 (B) direct notice is different and separate from that provided for in Subsection (4).

941 (4) (a) In addition to providing the notice required by Subsections (1) and (2), the
942 county auditor, on or before July 22 of each year, shall notify, by mail, each owner of real
943 estate as defined in Section 59-2-102 who is listed on the assessment roll.

944 (b) The notice described in Subsection (4)(a) shall:

945 (i) be sent to all owners of real property by mail not less than ten days before the day
946 on which:

947 (A) the county board of equalization meets; and

948 (B) the taxing entity holds a public hearing on the proposed increase in the certified tax
949 rate;

950 (ii) be printed on a form that is:

951 (A) approved by the commission; and

952 (B) uniform in content in all counties in the state; and

953 (iii) contain for each property:

954 (A) the value of the property;

955 (B) the date the county board of equalization will meet to hear complaints on the

956 valuation;

957 (C) itemized tax information for all taxing entities, including a separate statement for

958 the minimum school levy under Section 53A-17a-135 stating:

959 (I) the dollar amount the taxpayer would have paid based on last year's rate; and

960 (II) the amount of the taxpayer's liability under the current rate;

961 (D) the tax impact on the property;

962 (E) the time and place of the required public hearing for each entity;

963 (F) property tax information pertaining to:

964 (I) taxpayer relief;

965 (II) options for payment of taxes; and

966 (III) collection procedures;

967 (G) information specifically authorized to be included on the notice under Title 59,

968 Chapter 2, Property Tax Act; and

969 (H) other property tax information approved by the commission.

970 (5) (a) The taxing entity, after holding a hearing as provided in this section, may adopt

971 a resolution levying a tax rate in excess of the certified tax rate.

972 (b) If a resolution adopting a tax rate is not adopted on the day of the public hearing,

973 the scheduled time and place for consideration and adoption of the resolution shall be

974 announced at the public hearing.

975 (c) If a resolution adopting a tax rate is to be considered at a day and time that is more

976 than two weeks after the public hearing described in Subsection (4)(b)(iii)(E), a taxing entity,

977 other than a taxing entity described in Subsection (1)(a)(ii), shall advertise the date of the

978 proposed adoption of the resolution in the same manner as provided under Subsections (1) and

979 (2).

980 (6) (a) All hearings described in this section shall be open to the public.

981 (b) The governing body of a taxing entity conducting a hearing shall permit all

982 interested parties desiring to be heard an opportunity to present oral testimony within

983 reasonable time limits.

984 (7) (a) Each taxing entity shall notify the county legislative body by March 1 of each

985 year of the date, time, and place a public hearing is held by the taxing entity pursuant to this

986 section.

(b) A taxing entity may not schedule a hearing described in this section at the same time as another overlapping taxing entity in the same county, but all taxing entities in which the power to set tax levies is vested in the same governing board or authority may consolidate the required hearings into one hearing.

(c) The county legislative body shall resolve any conflicts in hearing dates and times after consultation with each affected taxing entity.

(8) A taxing entity shall hold a public hearing under this section beginning at or after 6 p.m.

Section 18. Section **59-2-919.1** is enacted to read:

59-2-919.1. Property tax increases prohibited.

(1) For purposes of this section:

(a) "Calendar year taxing entity" means a taxing entity that operates under a January 1 through December 31 fiscal year.

(b) "Certified tax rate" means a taxing entity's certified tax rate calculated in accordance with Section 59-2-924.

(c) "Fiscal year taxing entity" means a taxing entity that operates under a July 1 through June 30 fiscal year.

(2) For taxable years beginning on or after January 1, 2008 and ending on or before December 31, 2010, a fiscal year taxing entity may not levy a tax rate that exceeds the fiscal year taxing entity's certified tax rate.

(3) For taxable years beginning on or after January 1, 2009 and ending on or before December 31, 2011, a calendar year taxing entity may not levy a tax rate that exceeds the calendar year taxing entity's certified tax rate.

Section 19. Section **59-2-924** is amended to read:

59-2-924. Report of valuation of property to county auditor and commission -- Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified tax rate -- Rulemaking authority -- Adoption of tentative budget.

(1) (a) Before June 1 of each year, the county assessor of each county shall deliver to the county auditor and the commission the following statements:

(i) a statement containing the aggregate valuation of all taxable property in each taxing entity; and

1018 (ii) a statement containing the taxable value of any additional personal property
1019 estimated by the county assessor to be subject to taxation in the current year.

1020 (b) The county auditor shall, on or before June 8, transmit to the governing body of
1021 each taxing entity:

1022 (i) the statements described in Subsections (1)(a)(i) and (ii);
1023 (ii) an estimate of the revenue from personal property;
1024 (iii) the certified tax rate; and
1025 (iv) all forms necessary to submit a tax levy request.

1026 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad
1027 valorem property tax revenues for a taxing entity as were budgeted by that taxing entity for the
1028 prior year.

1029 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not
1030 include:

1031 (A) collections from redemptions;
1032 (B) interest;
1033 (C) penalties; and
1034 (D) revenue received by a taxing entity from personal property that is:
1035 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and
1036 (II) semiconductor manufacturing equipment.

1037 (iii) (A) Except as otherwise provided in this section, the certified tax rate shall be
1038 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
1039 taxing entity by the amount calculated under Subsection (2)(a)(iii)(B).

1040 (B) For purposes of Subsection (2)(a)(iii)(A), the legislative body of a taxing entity
1041 shall calculate an amount as follows:

1042 (I) calculate for the taxing entity the difference between:
1043 (Aa) the aggregate taxable value of all property taxed; and
1044 (Bb) any redevelopment adjustments for the current calendar year;
1045 (II) after making the calculation required by Subsection (2)(a)(iii)(B)(I), calculate an
1046 amount determined by increasing or decreasing the amount calculated under Subsection
1047 (2)(a)(iii)(B)(I) by the average of the percentage net change in the value of taxable property for
1048 the equalization period for the three calendar years immediately preceding the current calendar

1049 year;

1050 (III) after making the calculation required by Subsection (2)(a)(iii)(B)(II), calculate the

1051 product of:

1052 (Aa) the amount calculated under Subsection (2)(a)(iii)(B)(II); and

1053 (Bb) the percentage of property taxes collected for the five calendar years immediately

1054 preceding the current calendar year; and

1055 (IV) after making the calculation required by Subsection (2)(a)(iii)(B)(III), calculate an

1056 amount determined by subtracting from the amount calculated under Subsection

1057 (2)(a)(iii)(B)(III) any new growth as defined in this section:

1058 (Aa) within the taxing entity; and

1059 (Bb) for the current calendar year.

1060 (C) For purposes of Subsection (2)(a)(iii)(B)(I), the aggregate taxable value of all

1061 property taxed:

1062 (I) except as provided in Subsection (2)(a)(iii)(C)(II), includes the total taxable value of

1063 the real and personal property contained on the tax rolls of the taxing entity; and

1064 (II) does not include the total taxable value of personal property contained on the tax

1065 rolls of the taxing entity that is:

1066 (Aa) assessed by a county assessor in accordance with Part 3, County Assessment; and

1067 (Bb) semiconductor manufacturing equipment.

1068 (D) For purposes of Subsection (2)(a)(iii)(B)(II), for calendar years beginning on or

1069 after January 1, 2007, the value of taxable property does not include the value of personal

1070 property that is:

1071 (I) within the taxing entity assessed by a county assessor in accordance with Part 3,

1072 County Assessment; and

1073 (II) semiconductor manufacturing equipment.

1074 (E) For purposes of Subsection (2)(a)(iii)(B)(III)(Bb), for calendar years beginning on

1075 or after January 1, 2007, the percentage of property taxes collected does not include property

1076 taxes collected from personal property that is:

1077 (I) within the taxing entity assessed by a county assessor in accordance with Part 3,

1078 County Assessment; and

1079 (II) semiconductor manufacturing equipment.

(F) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the commission may prescribe rules for calculating redevelopment adjustments for a calendar year.

(iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the commission shall make rules determining the calculation of ad valorem property tax revenues budgeted by a taxing entity.

(B) For purposes of Subsection (2)(a)(iv)(A), ad valorem property tax revenues budgeted by a taxing entity shall be calculated in the same manner as budgeted property tax revenues are calculated for purposes of Section 59-2-913.

(v) The certified tax rates for the taxing entities described in this Subsection (2)(a)(v) shall be calculated as follows:

(A) except as provided in Subsection (2)(a)(v)(B), for new taxing entities the certified tax rate is zero;

(B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

(I) in a county of the first, second, or third class, the levy imposed for municipal-type services under Sections 17-34-1 and 17-36-9; and

(II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county purposes and such other levies imposed solely for the municipal-type services identified in Section 17-34-1 and Subsection 17-36-3(22); and

(C) for debt service voted on by the public, the certified tax rate shall be the actual levy imposed by that section, except that the certified tax rates for the following levies shall be calculated in accordance with Section 59-2-913 and this section:

(I) ~~the school [leeways] appropriation provided for under [Sections 11-2-7, 53A-16-110,] Section 53A-17a-125[, 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103];~~ and

(II) levies to pay for the costs of state legislative mandates or judicial or administrative orders under Section 59-2-906.3.

(vi) (A) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be established at that rate which is sufficient to generate only the revenue required to satisfy one or more eligible judgments, as defined in Section 59-2-102.

(B) The ad valorem property tax revenue generated by the judgment levy shall not be

1111 considered in establishing the taxing entity's aggregate certified tax rate.

1112 (b) (i) For the purpose of calculating the certified tax rate, the county auditor shall use

1113 the taxable value of property on the assessment roll.

1114 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the

1115 assessment roll does not include:

1116 (A) new growth as defined in Subsection (2)(b)(iii); or

1117 (B) the total taxable value of personal property contained on the tax rolls of the taxing

1118 entity that is:

1119 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

1120 (II) semiconductor manufacturing equipment.

1121 (iii) "New growth" means:

1122 (A) the difference between the increase in taxable value of the taxing entity from the

1123 previous calendar year to the current year; minus

1124 (B) the amount of an increase in taxable value described in Subsection (2)(b)(v).

1125 (iv) For purposes of Subsection (2)(b)(iii), the taxable value of the taxing entity does

1126 not include the taxable value of personal property that is:

1127 (A) contained on the tax rolls of the taxing entity if that property is assessed by a

1128 county assessor in accordance with Part 3, County Assessment; and

1129 (B) semiconductor manufacturing equipment.

1130 (v) Subsection (2)(b)(iii)(B) applies to the following increases in taxable value:

1131 (A) the amount of increase to locally assessed real property taxable values resulting

1132 from factoring, reappraisal, or any other adjustments; or

1133 (B) the amount of an increase in the taxable value of property assessed by the

1134 commission under Section 59-2-201 resulting from a change in the method of apportioning the

1135 taxable value prescribed by:

1136 (I) the Legislature;

1137 (II) a court;

1138 (III) the commission in an administrative rule; or

1139 (IV) the commission in an administrative order.

1140 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from

1141 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,

59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax rate to offset the increased revenues.

(d) (i) Beginning July 1, 1997, if a county has imposed a sales and use tax under Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

(A) decreased on a one-time basis by the amount of the estimated sales and use tax revenue to be distributed to the county under Subsection 59-12-1102(3); and

(B) increased by the amount necessary to offset the county's reduction in revenue from uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1, 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection (2)(d)(i)(A).

(ii) The commission shall determine estimates of sales and use tax distributions for purposes of Subsection (2)(d)(i).

(e) Beginning January 1, 1998, if a municipality has imposed an additional resort communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be decreased on a one-time basis by the amount necessary to offset the first 12 months of estimated revenue from the additional resort communities sales and use tax imposed under Section 59-12-402.

(f) (i) (A) For fiscal year 2000, the certified tax rate of each county required under Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the unincorporated area of the county shall be decreased by the amount necessary to reduce revenues in that fiscal year by an amount equal to the difference between the amount the county budgeted in its 2000 fiscal year budget for advanced life support and paramedic services countywide and the amount the county spent during fiscal year 2000 for those services, excluding amounts spent from a municipal services fund for those services.

(B) For fiscal year 2001, the certified tax rate of each county to which Subsection (2)(f)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that fiscal year by the amount that the county spent during fiscal year 2000 for advanced life support and paramedic services countywide, excluding amounts spent from a municipal services fund for those services.

(ii) (A) A city or town located within a county of the first class to which Subsection

(2)(f)(i) applies may increase its certified tax rate by the amount necessary to generate within the city or town the same amount of revenues as the county would collect from that city or town if the decrease under Subsection (2)(f)(i) did not occur.

(B) An increase under Subsection (2)(f)(ii)(A), whether occurring in a single fiscal year or spread over multiple fiscal years, is not subject to the notice and hearing requirements of Sections 59-2-918 and 59-2-919.

(g) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to provide detective investigative services to the unincorporated area of the county shall be decreased:

(A) in fiscal year 2001 by the amount necessary to reduce revenues in that fiscal year by at least \$4,400,000; and

(B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year by an amount equal to the difference between \$9,258,412 and the amount of the reduction in revenues under Subsection (2)(g)(i)(A).

(ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a county to which Subsection (2)(g)(i) applies may increase its certified tax rate to generate within the city or town the same amount of revenue as the county would have collected during county fiscal year 2001 from within the city or town except for Subsection (2)(g)(i)(A).

(II) Beginning with municipal fiscal year 2003, a city or town located within a county to which Subsection (2)(g)(i) applies may increase its certified tax rate to generate within the city or town the same amount of revenue as the county would have collected during county fiscal year 2002 from within the city or town except for Subsection (2)(g)(i)(B).

(B) (I) Except as provided in Subsection (2)(g)(ii)(B)(II), an increase in the city or town's certified tax rate under Subsection (2)(g)(ii)(A), whether occurring in a single fiscal year or spread over multiple fiscal years, is subject to the notice and hearing requirements of Sections 59-2-918 and 59-2-919.

(II) For an increase under this Subsection (2)(g)(ii) that generates revenue that does not exceed the same amount of revenue as the county would have collected except for Subsection (2)(g)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if the city or town:

(Aa) publishes a notice that meets the size, type, placement, and frequency requirements of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed

1204 by the county to one imposed by the city or town, and explains how the revenues from the tax
1205 increase will be used; and

1206 (Bb) holds a public hearing on the tax shift that may be held in conjunction with the
1207 city or town's regular budget hearing.

1208 (h) (i) This Subsection (2)(h) applies to each county that:

1209 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
1210 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
1211 17A-2-1304(1)(a)(x); and

1212 (B) levies a property tax on behalf of the special service district under Section
1213 17A-2-1322.

1214 (ii) (A) The certified tax rate of each county to which this Subsection (2)(h) applies
1215 shall be decreased by the amount necessary to reduce county revenues by the same amount of
1216 revenues that will be generated by the property tax imposed on behalf of the special service
1217 district.

1218 (B) Each decrease under Subsection (2)(h)(ii)(A) shall occur contemporaneously with
1219 the levy on behalf of the special service district under Section 17A-2-1322.

1220 (i) (i) As used in this Subsection (2)(i):

1221 (A) "Annexing county" means a county whose unincorporated area is included within a
1222 fire district by annexation.

1223 (B) "Annexing municipality" means a municipality whose area is included within a fire
1224 district by annexation.

1225 (C) "Equalized fire protection tax rate" means the tax rate that results from:

1226 (I) calculating, for each participating county and each participating municipality, the
1227 property tax revenue necessary to cover all of the costs associated with providing fire
1228 protection, paramedic, and emergency services:

1229 (Aa) for a participating county, in the unincorporated area of the county; and

1230 (Bb) for a participating municipality, in the municipality; and

1231 (II) adding all the amounts calculated under Subsection (2)(i)(i)(C)(I) for all
1232 participating counties and all participating municipalities and then dividing that sum by the
1233 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

1234 (Aa) for participating counties, in the unincorporated area of all participating counties;

1235 and

1236 (Bb) for participating municipalities, in all the participating municipalities.

1237 (D) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service
1238 Area Act, in the creation of which an election was not required under Subsection
1239 17B-1-214(3)(c).

1240 (E) "Fire protection tax rate" means:

1241 (I) for an annexing county, the property tax rate that, when applied to taxable property
1242 in the unincorporated area of the county, generates enough property tax revenue to cover all the
1243 costs associated with providing fire protection, paramedic, and emergency services in the
1244 unincorporated area of the county; and

1245 (II) for an annexing municipality, the property tax rate that generates enough property
1246 tax revenue in the municipality to cover all the costs associated with providing fire protection,
1247 paramedic, and emergency services in the municipality.

1248 (F) "Participating county" means a county whose unincorporated area is included
1249 within a fire district at the time of the creation of the fire district.

1250 (G) "Participating municipality" means a municipality whose area is included within a
1251 fire district at the time of the creation of the fire district.

1252 (ii) In the first year following creation of a fire district, the certified tax rate of each
1253 participating county and each participating municipality shall be decreased by the amount of
1254 the equalized fire protection tax rate.

1255 (iii) In the first year following annexation to a fire district, the certified tax rate of each
1256 annexing county and each annexing municipality shall be decreased by the fire protection tax
1257 rate.

1258 (iv) Each tax levied under this section by a fire district shall be considered to be levied
1259 by:

1260 (A) each participating county and each annexing county for purposes of the county's
1261 tax limitation under Section 59-2-908; and

1262 (B) each participating municipality and each annexing municipality for purposes of the
1263 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a
1264 city.

1265 (j) For the calendar year beginning on January 1, 2007, the calculation of a taxing

entity's certified tax rate shall be adjusted by the amount necessary to offset any change in the certified tax rate that may result from excluding the following from the certified tax rate under Subsection (2)(a) enacted by the Legislature during the 2007 General Session:

(i) personal property tax revenue:

(A) received by a taxing entity;

(B) assessed by a county assessor in accordance with Part 3, County Assessment; and

(C) for personal property that is semiconductor manufacturing equipment; or

(ii) the taxable value of personal property:

(A) contained on the tax rolls of a taxing entity;

(B) assessed by a county assessor in accordance with Part 3, County Assessment; and

(C) that is semiconductor manufacturing equipment.

(3) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

(b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county auditor of:

(i) its intent to exceed the certified tax rate; and

(ii) the amount by which it proposes to exceed the certified tax rate.

(c) The county auditor shall notify all property owners of any intent to exceed the certified tax rate in accordance with Subsection 59-2-919(2).

(4) (a) The taxable value for the base year under Subsection 17C-1-102(6) shall be reduced for any year to the extent necessary to provide a community development and renewal agency established under Title 17C, Limited Purpose Local Government Entities - Community Development and Renewal Agencies, with approximately the same amount of money the agency would have received without a reduction in the county's certified tax rate if:

(i) in that year there is a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i);

(ii) the amount of the decrease is more than 20% of the county's certified tax rate of the previous year; and

(iii) the decrease results in a reduction of the amount to be paid to the agency under Section 17C-1-403 or 17C-1-404.

(b) The base taxable value under Subsection 17C-1-102(6) shall be increased in any year to the extent necessary to provide a community development and renewal agency with

1297 approximately the same amount of money as the agency would have received without an
1298 increase in the certified tax rate that year if:

1299 (i) in that year the base taxable value under Subsection 17C-1-102(6) is reduced due to
1300 a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i); and

1301 (ii) The certified tax rate of a city, school district, local district, or special service
1302 district increases independent of the adjustment to the taxable value of the base year.

1303 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or
1304 (2)(d)(i), the amount of money allocated and, when collected, paid each year to a community
1305 development and renewal agency established under Title 17C, Limited Purpose Local
1306 Government Entities - Community Development and Renewal Agencies, for the payment of
1307 bonds or other contract indebtedness, but not for administrative costs, may not be less than that
1308 amount would have been without a decrease in the certified tax rate under Subsection (2)(c) or
1309 (2)(d)(i).

1310 Section 20. Section **59-2-926** is amended to read:

1311 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

1312 If the state authorizes a levy [~~pursuant to Section 53A-17a-135 that exceeds the~~
1313 ~~certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy~~] pursuant to
1314 Section 59-2-906.1 that exceeds the certified revenue levy as defined in Section 59-2-102, the
1315 state shall publish a notice no later than ten days after the last day of the annual legislative
1316 general session that meets the following requirements:

1317 (1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized
1318 a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new
1319 growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a
1320 newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page
1321 in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch
1322 border. The advertisement may not be placed in that portion of the newspaper where legal
1323 notices and classified advertisements appear. The advertisement shall be run once.

1324 (2) The form and content of the notice shall be substantially as follows:

1325 "NOTICE OF TAX INCREASE

1326 The state has budgeted an increase in its property tax revenue from \$_____ to
1327 \$_____ or ____%. The increase in property tax revenues will come from the following

sources (include all of the following provisions):

(a) \$_____ of the increase will come from (provide an explanation of the cause of adjustment or increased revenues, such as reappraisals or factoring orders);

(b) \$_____ of the increase will come from natural increases in the value of the tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

(c) a home valued at \$100,000 in the state of Utah which based on last year's ([~~levy for the basic state-supported school program;~~ levy for the Property Tax Valuation Agency Fund[~~;~~ or both]) paid \$_____ in property taxes would pay the following:

(i) \$_____ if the state of Utah did not budget an increase in property tax revenue exclusive of new growth; and

(ii) \$_____ under the increased property tax revenues exclusive of new growth budgeted by the state of Utah."

Section 21. Section ~~63-30d-704~~ is amended to read:

~~63-30d-704. Tax levy by political subdivisions for payment of claims, judgments, or insurance premiums.~~

(1) For purposes of this section, "political subdivision" does not include a school district.

~~(1)~~ (2) Notwithstanding any provision of law to the contrary, a political subdivision may levy an annual property tax sufficient to pay:

(a) any claim, settlement, or judgment;

(b) the costs to defend against any claim, settlement, or judgment; or

(c) for the establishment and maintenance of a reserve fund for the payment of claims, settlements, or judgments that may be reasonably anticipated.

~~(2)~~ (3) (a) The payments authorized to pay for punitive damages or to pay the premium for authorized insurance is money spent for a public purpose within the meaning of this section and Article XIII, Sec. 5, Utah Constitution, even though, as a result of the levy, the maximum levy as otherwise restricted by law is exceeded.

(b) No levy under this section may exceed .0001 per dollar of taxable value of taxable property.

(c) The revenues derived from this levy may not be used for any purpose other than those specified in this section.

1359 Section 22. **Repealer.**

1360 This bill repeals:

1361 Section **53A-2-114, Additional levies -- School board options to abolish or continue**
1362 **after consolidation.**

1363 Section **53A-2-115, Additional levies in transferred territory -- Transferee board**
1364 **option to abolish or continue.**

1365 Section **53A-16-107, Debt service and capital outlay -- Maintenance of school**
1366 **plants -- Authority to use proceeds of .0002 tax rate -- Restrictions and procedure.**

1367 Section **53A-16-110, Special tax to buy school building sites, build and furnish**
1368 **schoolhouses, or improve school property.**

1369 Section **53A-17a-133, State-supported voted leeway program authorized -- Election**
1370 **requirements -- State guarantee -- Reconsideration of the program.**

1371 Section **53A-17a-134, Board-approved leeway -- Purpose -- State support --**
1372 **Disapproval.**

1373 Section **53A-17a-143, District tax rate -- Increase of local property tax rate --**
1374 **Termination.**

1375 Section **53A-17a-145, Additional levy by district for debt service, school sites,**
1376 **buildings, buses, textbooks, and supplies.**

1377 Section **53A-17a-151, Board leeway for reading improvement.**

1378 Section 23. **Effective date -- Retrospective operation.**

1379 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2009.

1380 (2) Section 59-2-919.1 has retrospective operation for taxable years beginning on or
1381 after January 1, 2008.

1382 Section 24. **Coordinating H.B. 391 with H.B. 77 -- Technical amendments.**

1383 If this H.B. 391 and H.B. 77, Personal Property Tax Amendments, both pass, it is the
1384 intent of the Legislature that the Office of Legislative Research and General Counsel, in
1385 preparing the Utah Code database for publication:

1386 (1) replace the references in Subsections 53A-17a-155(1)(b)(i)(B) and (4)(c)(ii)(B) to
1387 "Subsection 59-2-924(2)(b)(iii)" with "Subsection 59-2-924(4)(c)"; and

1388 (2) renumber Subsection 59-2-924(2)(k) in H.B. 391 to Subsection 59-2-924.2(9) in
1389 H.B. 77.

H.B. 382 1st Sub. (Buff) - Financing Public Education**Fiscal Note**

2008 General Session

State of Utah

State Impact

Enactment of this bill could increase revenue to the Uniform School Fund by \$4.4 million (due to local recapture) in FY 2010. The Basic School Program could also experience an increase of \$80 million in FY 2010 in increased local property tax revenue, which would require less Uniform School Fund revenue to maintain current appropriations.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
Uniform School Fund	\$0	\$0	(\$80,000,000)	\$0	\$0	\$4,400,000
Local Revenue	\$0	\$0	\$80,000,000	\$0	\$0	\$80,000,000
Total	\$0	\$0	\$0	\$0	\$0	\$84,400,000

Individual, Business and/or Local Impact

The effect on school districts will depend upon the structure of revenue sources currently in place and upon the weighted pupil unit. The increase in the basic rate in FY 2010 of \$80 million will be offset by a corresponding decrease in other local school district levies of \$80 million. Some school districts may experience a decrease in own-source property tax staying within the school district, whereas other school districts will see an increase in revenue from the basic program. In addition, the repeal of bonding authority may cause a decrease in capital outlay expenditures.